No. 60042

# APPLICATION FOR PERMIT
# TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

Date of filing in State Engineer's Office MAY 04 1994

Returned to applicant for correction

Corrected application filed

Map filed Sept. 14, 1987 under 50989

The applicant KOVHIL CORPORATION

2320 Watt Street (Street and No. or P.O. Box No.), of Reno (City or Town),

Nevada 89509 (State and Zip Code No.), hereby make.... application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.)

Incorporated State of Nevada - July 16, 1993

1. The source of the proposed appropriation is Underground Waters (Name of stream, lake, spring, underground or other source)

2. The amount of water applied for is 1/10th of One (One second-foot equals 448.83 gals. per min.) second-feet

   (a) If stored in reservoir give number of acre-feet 1 reservoir 2 acre ft. & 1 reservoir .02 acre ft.

3. The water to be used for Mining, Milling, and Domestic (Irrigation, power, mining, manufacturing, domestic, or other use. Must limit to one use.)

4. If use is for:

   (a) Irrigation, state number of acres to be irrigated

   (b) Stockwater, state number and kinds of animals to be watered

   (c) Other use (describe fully under No. 12. "Remarks" See under Remarks and attached sheet

   (d) Power:

      (1) Horsepower developed

      (2) Point of return of water to stream

5. The water is to be diverted from its source at the following point Within the NW¼ of NE¼ of Section 24, T8N, R31E MDBM, ata point from which the (Describe as being within a 40-acre subdivision of public survey, and by course and distance to a section corner. If on unsurveyed land, it should be so stated.) east ¼ corner of Section 13, T8N, R31E MDBM bears N23 degrees 17'40" E, a distance of 4136.38 feet. Please use original plat submitted with Permit 50989. Letter attached granting permission.

6. Place of use Water to be pumped from existing well on Millsite located in (Describe by legal subdivision. If on unsurveyed land, it should be so stated.) Section 24, T8N, R31E MDBM and will be used at this location. The Millsite is 8 miles east of Hawthorne, Mineral County, on the south east quadrant of the intersection of US Highway 95 and Garfield Flat Road.

7. Use will begin about January 1 (Month and Day) and end about December 31 (Month and Day), of each year.

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) Water to be pumped from existing well into existing plastic lined reservoirs, then pumped through piping to existing processing equipment. The tails are emptied into existing settling ponds, and the overflow water returns to original storage pond for reuse. (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.)

9. Estimated cost of works Checkout and repair of existing equipment - $1500

10. Estimated time required to construct works No time required - Existing water well with pump inplace as well as the existing process equipment.
If well completed, describe works.

11. Estimated time required to complete the application of water to beneficial use 2 years

12. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use:

See Attached

By s/ S.T. Hilberg
S.T. Hilberg
2320 Watt Street
Reno, Nevada 89509

Compared jr/jv cl/cmg

Protested

## APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins, or before the Proof of Completion of Work is filed. This source is located within an area designated by the State Engineer, pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

(CONTINUED ON PAGE 4)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.1 cubic feet per second, but not to exceed 37.3 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before January 22, 1997

Proof of completion of work shall be filed before February 22, 1997

Application of water to beneficial use shall be filed on or before January 22, 1999

Proof of the application of water to beneficial use shall be filed on or before February 22, 1999

Map in support of proof of beneficial use shall be filed on or before N/A

Completion of work filed FEB 20 1997

Proof of beneficial use filed

Cultural map filed

Certificate No. Issued

CANCELLED MAY 23 2003 BECAUSE OF FAILURE OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT

STATE ENGINEER

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, P.E. State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 22nd day of January, A.D. 96.

State Engineer

The use of this water is to process native gravels and/or concentrates from gold/silver gravels located in Pamlico/ Neversweat canyons, 7 miles south of the millsite, and are to trucked to millsite for processing. The estimated total water requirements per yesr is 8,100,000 gallons, based on 45 GPM - 10 hours per day - 10 months per year. Of this total, we expect to reclaim about 50% for reuse and mixed with fresh water from the well. This water from the same well had been used under Beneficial Use Permit 50989, and the proof was received late, it was denied. Copy of letter attached. Water Meter is available to install. Our plant will be operated 10 hours per day - 5 days per week - 10 months per year for which water will be consumed in the processing plant, and water will be consumed for domestic use 12 months per year at all times. The plant operations will require 270 gallons water per cubic meter (180 gallons per ton) to process. Ore (gravel) will be processed on daily basis of up to 100 cubic meters-130 tons)

Attachment - Application for Permit to Appropriate Public Waters

Water using equipment are jigs, concentrating table, reverse spiral concentrator, Sluices, testing apparatus, cleanup equipment, general plant, and domestic use. Our plant consists of 1 - 42" duplex jig and 1 - 24" duplex jib

Jigs are mechanical concentrators that utilize the differences in falling rate of grains of different specific gravities and sizes, in a semi-fluid mass of solid particles suspended in water. The 42" jig uses up to 30 GPM - 1800 gallons hourly - 18,000 daily, and the 24" jig uses 10 GPM - 600 gallons hourly - 6,000 gallons daily.

One concentrating table, size 6 foot by nine foot, and is a concentrating device that consists of a relativelly plane surface, inclined slightly from the horizontal, shaken with a differential movement in the direction of the long axis, and material washed at right angles to the direction of motion by a thin film of water. The table uses 5 to 10 GPM - 300 to 600 gallons hourly, and 3,000 to 6,000 gallons daily.

One reverse spiral concentrator that is a round revolving form of flat table, described above, and is 18" in diameter and 6 feet long, and uses about the same amount of water, 5 to 10 GPM.

Sluice boxes are long, relativelly narrow and deep inclined troughs with riffled bottom which gravelly material containing heavy valuable mineral is transported by water, with the result that the heavy material settles in the riffles and is held while the light material is washed out at the lower end. The water usage is essentially nothing, due to the water used in the circuit above the sluice boxes.

The minimum total volume of water required for daily plant operations is 27,000 gallons.

The total annual volume of water required is 8,100,000 gallons of which we expect to recycle 50% or 13,500 gallons daily. The recycled water is obtained from a series of settling ponds, whereby the overflow from the last settling pond is returned to original storage pond and mixed with water pumped from underground.

The total annual consumptive use is 8,100,000 plus 4,050,000 which amounts to 12,150,000 gallons fortotal plant and domestic uses.

The proposed start up date is June 15,1994.

The estimated life span is 10 years.

W. P. Kilberg

(PERMIT TERMS CONTINUED)

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

A monthly report shall be submitted to the State Engineer within 10 days from the end of each month which shall include the amount of water pumped from the well and the amount of water used.